Foth & Van Dyke, LLC. Memorandum

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TO: Tim Woo (tswoo@fasb.org)

FR: Howard Bornstein (howard.bornstein@Foth.com)

Chief Financial Officer

920-496-6604

RE: Blue Ribbon Panel – Private Company Standards

Question Number 1 – See attached.

Question Number 2 – As an owner, we do not use GAAP based financial information in making day-to-day business decisions with regard to our operations. As a project based company, some of the GAAP accounting rules which require us to capitalize project costs, are ignored in our day-to-day operations since project accounting needs to focus on actual costs incurred.

Our GAAP based financial statements are used once a year to share the results with our owners (approximately 125 employee owners). In addition, we share our financials with our bankers. However, it should be noted that our owners, in general, are totally oblivious to the actual financial state of reports and are merely focused on the resulting impact on their ownership value which changes once annually (using a third party valuation consultant who uses GAAP statements as a starting point but makes 3-5 significant adjustments). See some of the comments below where we believe GAAP accounting requirements would terribly misstate information as it relates to our owners use of the statements.

Question Number 3 – While question three is a multi-part question, I believe the answers and comments below will cover all aspects of the question. There are a number of provisions in GAAP accounting, some of which impact our company currently and some which could impact our company in the future. Our thoughts with regard to the relevancy or irrelevancy of these items are indicated below:

FIN48 – tax disclosure on uncertain positions. Having spent 25 years as a tax partner in public accounting, I believe my perspective on this issue is both relevant and practical. Our company was first required to address FAS148 in 2009. We probably spent 25 hours of human capital time, both internal and paying a third party CPA firm to address every potential issue and every potential jurisdiction with regard to this disclosure. At the end of the day there were no disclosures. Why must a company spend so much time and effort to address every potential exposure and non-disclosure of tax items any differently than addressing other business risks that are presented every day? Using a principal based materiality assessment, we knew before we started this lengthy process there would

be nothing significant to disclose. However, the detailed rules of FAS148 forced us to go through this effort.

FAS150 – regarding owner redemptions being disclosed as a liability. The fact of the matter is our company buys retiring or dying owners' interests every year which is inherently part of our overall ownership structure to continually have new owners coming in and former owners leaving. While certain portions of this standard do not currently apply to private companies, a number of years ago when FAS150 was first discussed, we spent an inordinate amount of time discussing the recording of a redemption liability which would have put our company into a negative net-worth situation. Under this provision we do not recognize a corresponding asset for the ability or commitment to sell ownership interests to new owners. Why is a redemption obligation recognized when interests will be subsequently re-sold to new owners with no recognition of this asset? The time spent explaining why we had negative net worth would have been a huge waste of time. In addition, recording negative net worth would have been truly unreflective of the nature of our equity transactions or the solvency of our business.

FIN46r and FAS 167 – regarding non-controlling interest liability disclosure. We currently have real estate leases in approximately 15 markets in the country. When we acquire private businesses the real estate we subsequently lease may be owned by the sellers of the business; who in turn become shareholders in our company. The provisions of this standard require us to consider recording non-controlling interests in this property. We purposely do not own real estate, however, FIN46r would have required us to disclose liabilities on buildings (basic professional office space) for which we have no interest in ever owning or ever intend on owning. As a matter of fact, we currently engage a real estate consultant who negotiates between three and six leases every year for our company. We are constantly moving to new locations, downsizing, upsizing, all of which are a clear indication that we have no intent on ever owning these facilities. What is the value of an accounting rule requiring us to book an asset with a corresponding liability for real estate we will never own or intend on controlling?

FAS141r-142 – amortization of purchased intangibles. For years and years, Congress took a position that goodwill was not amortizable for tax purposes. Then, in the early 1990's they adopted a concept (very similar to most developed European nations) to allow a 15 year write-off of purchased intangibles. Almost simultaneous with the change in the tax rules, I find it very interesting that the GAAP rules changed from a stated 40 year write-off life for goodwill to no write-off life for purchased goodwill. We are well aware of the requirement to identify certain intangibles to be written off over their useful life. However, we find it very interesting that in a business such as ours (professional services) where our two greatest assets are our clients and our people, that the new rules do not allow a company to put any value on the people. We find the rules and the time (and money) spent in applying these very loosely written guidelines to cost us more time and effort in trying to identify certain intangibles for amortization. A much more aligned type of requirement to amortize all goodwill as well as any "purchased intangibles" over some stated number of years would be so much more appropriate. This would put all companies on a similar footing as they make acquisitions.

Question Number 4 – In general, our belief is that one set of standards (currently U.S. GAAP and ultimately IFRS) should be the single required standard for companies issuing financial statements. However, in writing the rules there should be imbedded in the rules situations where certain commonly occurring items that apply to private companies should not be required. This does not require a separate set of private vs. public company rules, but rather merely identifies situations that are unique to private companies where certain accounting provisions should not be used (the simplest example has to do with the reference above to FAS150 and mandatorily redeemable ownership).

Question Number 5 – If the SEC required public companies to adopt IFRS, it would be our suggestion that all U. S. based companies adopt IFRS at the same time. This statement is made subject to my comment above regarding certain provisions that will in-and-of-themselves not apply to private companies. The adoption of IFRS for some companies and use of U.S. GAAP for other U.S. based companies (companies that have no non-U.S. business) would merely be a cumbersome system to enforce and create significant amounts of confusion. We strongly believe the adoption of single standard will benefit all users of financial statements.

Ouestion Number 6 – None

Question Number 7 – These responses represent my individual views on the subject, however, since I am forced to deal with what I consider many non-value added items of accounting (as referenced above) I would imagine if asked, our board would support these views.